

Message Text

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ACTION EB-07

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TRSE-00 OMB-01 CIEP-01 CIAE-00 INR-07 NSAE-00 PA-01

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R 271700Z JUN 75

FM AMEMBASSY MEXICO

TO SECSTATE WASHDC 8549

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E.O. 11652: N/A

TAGS: ETRD, MX

SUBJ: REQUEST FOR QUOTA FOR AMERICAN WINES

REF: STATE 41335

1. E/C COUNSELOR AND ASSISTANT COMMERICAL ATTACHE MADE FORMAL APPLICATION TO UNDER SECRETARY OF COMMERCE ELISEO MENDOZA BERRUETO FOR QUOTA FOR AMERICAN WINES ON JUNE 26. (UNDER SECRETARY WAS CALLED AWAY BY PRESIDENT AT LAST MOMENT AND TALKING POINTS MADE TO HIS ASSISTANT LOPEZ BARRAGAN.). LOPEZ BARRAGAN INDICATED THAT GOM WILL NOW TAKE USG REQUEST UNDER CONSIDERATION. EMBOFFS RMPHASIZED NEED FOR RAPID REPLY IN ORDER GIVE WINE PRODUCERS SUFFICIENT LEAD TIME TO APPOINT MEXICAN IMPORTER/DISTRIBUTORS AND DO NECESSARY PROMOTIONAL GROUNDWORK TO MAKE INTRODUCTION OF U.S. WINES IN MEXICO SUCCESS. HOWEVER, REPLY LIKELY TAKE SOME TIME. WHILE EMBASSY REQUESTED INITIAL QUOTA OF 40,000 CASES, ACTUAL AUTHORIZATION FOR CY 1976 MAY BE LESS CONSIDERING FACT THAT TOTAL QUOTA FOR ALL COUNTRIES IS 120,000 CASES AND NO INCREASES WERE ALLOWED IN 1974 OVER 1973 LEVELS.

2. IN ITS FORMAL PRESENTATION EMBASSY EMPHASIZED FOLLOWING POINTS: (A) U.S. WINE INDUSTRY NOW HAS SUFFICIENT PRODUCTION TO ALLOW EXPORT AND ITS MOST INTERESTED COMPETINF FOR MEXICAN
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MARKET. (B) ALL OTHER MAJOR WINE PRODUCING COUNTRIES HAVE

SPECIFIC QUOTAS. (C) PRICE OF U.S. WINES WILL BE LESS THAN SOME OTHER IMPORTED WINES BUT MORE THAN DOMESTIC WINES, THEREFORE FILLING NEED BUT NOT PREJUDICING MEXICAN WINE INDUSTRY. (D) MORE THAN 3 MILLION U.S. TOURISTS IN MEXICO ANNUALLY ALSO PRESENT LARGE POTENTIAL GROUP OF CONSUMERS FOR AMERICAN WINES. AS ONLY 25 PERCENT OF RETAIL PRICE GOES TO PRODUCER, MOST REVENUE GENERATED BY SALES WILL BENEFIT MEXICAN GOVERNMENT AND ECONOMY. (E) U.S. IS BY FAR MEXICO'S LEADING MARKET FOR WINE, BEER AND TEQUILA. U.S. TARIFF RELATIVELY LOW AND NO BARRIERS PLACED IN WAY OF RAPIDLY GROWING SALES. IN TIMES OF SURPLUSES ON U.S. MARKET, U.S. PRODUCERS ARE MUCH AWARE OF IMPORT RESTRICTIONS ON U.S. PRODUCTS BY COUNTRIES WHO ENJOY FREE ACCESS TO U.S. MARKET.

3. COPIES OF EMBASSY'S REQUEST, IN SPANISH AND ENGLISH VERSIONS, BEING POUCHED TO DEPT. AND WILL BE SENT TO WINE INSTITUTE IN SAN FRANCISCO.

4. WITH BREAK IN DIPLOMATIC RELATIONS BETWEEN GOM AND GOC, CHILEAN WINE HAS ALL BUT DISAPPEARED FROM MEXICAN MARKET. GOM ALLEGES THIS IS DUE TO INSUFFICIENT SUPPLY, BUT EMBASSY SUSPECTS INDIRECT PRESSURES ON IMPORTERS BY GOM IS MAIN CAUSE. EMBASSY ENDEAVORED TO OBTAIN PART OF CHILE'S WINE QUOTE FOR 1974 FOR U.S. WINE PRODUCERS BUT LOPEZ BARRAGAN WAS OVERLY RESPONSIVE TO THIS SUGGESTION. IN ANY CASE, THIS EFFORT IS MERELY SUPPLEMENTAL TO MAJOR EMBASSY EFFORT TO ACHIEVE SPECIFIC QUOTA FOR AMERICAN WINES FOR 1976 AND BEYOND.

5. EMBASSY'S EFFORTS HAVE BEEN NICELY COMPLEMENTED BY THOSE OF WINE INSTITUTE. INSTITUTE HAS PROVIDED US WITH PERTINENT STATISTICAL INFORMATION AND SAMPLES OF CALIFORNIA WINES UNIDENTIFIED BY BRAND WHICH HAVE BEEN DISTRIBUTED TO GOM OFFICIALS THAT WILL HAVE SAY ON FINAL DECISION ON ESTABLISHING QUOTA FOR U.S. WINES.

6. EMBASSY WOULD LIKE STRESS THAT ASSUMING U.S. WILL BE ALLOTTED QUOTA FOR 1976, IT IS IMPERATIVE THAT, AT LEAST IN FIRST AND SECOND YEAR OF INTRODUCTION TO MARKET, U.S. PRODUCERS EXPORT ONLY HIGH-QUALITY WINES TO MEXICO IN ORDER LIMITED OFFICIAL USE

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TO ESTABLISH GOOD REPUTATION AND NOT UNDERCUT LOCAL PRODUCERS ON PRICE.

7. EMBASSY OFFICER WILL VISIT WINE INSTITUTE NEXT MONTH TO DISCUSS PROGRESS ON OBTAINING QUOTA AND WILL ASK FOR NAMES OF U.S. WINERIES INTERESTED IN EXPORTING TO MEXICO. EMBASSY WILL THEN CONTACT LOCAL IMPORTER/DISTRIBUTORS AND ADVISE THEM OF THIS OPPORTUNITY. WE WILL BE IN FREQUENT

CONTACT WITH UNDER SECRETARY'S OFFICE IN SECRETARIAT OF
INDUSTRY AND COMMERCE AND TRY TO EXPEDITE PROMPT AND
AFFIRMATIVE DECISION. IF IT IS DETERMINED LATER THAT
USEFUL PURPOSE WOULD BE SERVED, EMBASSY MAY ARRANGE FOR WINE
INSTITUTE REP TO MEET WITH KEY GOM OFFICIALS; INSTITUTE
HAS INDICATED WILLINGNESS TO DO WHATEVER IS REQUIRED TO
ACHIEVE OUR GOAL.
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